

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 98-786

October 20, 1998

PUBLIC UTILITIES COMMISSION,
Inquiry Into the Regulation
of Gas Marketers

NOTICE OF INQUIRY

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

We initiate an inquiry to explore whether the Commission should oversee gas marketers supplying gas within the State of Maine and to determine the steps that would be necessary to do so.

II. LEGAL AUTHORITY

The Commission may initiate an inquiry to obtain information and comment for the purpose of determining whether further proceedings may be necessary or for exploring policy issues and forming preliminary policies. See Commission Rules, Chapter 110, Sections 105(h) and 1201.

III. DISCUSSION

Many natural gas infrastructure developments are proposed for Maine in the next few years, including the construction and operation of two international and interstate gas pipelines as well as several new local distribution companies. These are expected to make abundant, new natural gas resources available throughout the State.

In addition to proposed capital investments, regulatory changes are occurring on both the state and federal levels in the industry. These changes include the unbundling of gas commodity and transportation services for retail customers. The effect of having plentiful gas supplies flowing through the State, combined with the new regulatory and pricing policies, is the introduction of gas marketers and the potential for competition among natural gas suppliers. This, in turn, makes it important for the Commission to establish new regulatory structures that promote and encourage a competitive environment, but also afford customers necessary protections.

Many states require gas marketers and suppliers to register, report, or comply with certain financial or public safety requirements. Consumer protection may also be an important issue with regard to the operation of retail gas merchants within the State.

Prior to this time, the State of Maine has not had gas utilities operating within its boundaries offering widespread unbundled commodity and transportation services. However, Northern Utilities, Inc. (Northern), which implemented a large industrial customer transportation-only service in 1996, recently proposed to expand this offering to all commercial and industrial customers. Moreover, Northern has indicated that it anticipates proposing to unbundle rates and services for residential customers within the next few years. See Northern Utilities, Inc., Proposed Tariff Revision - Request for Approval of Rate Redesign and Partial Unbundling Proposal, Docket No. 97-393.

In addition, the Commission has approved or is reviewing rate plan proposals for new start-up natural gas distribution utilities that are proposing to offer unbundled rates and services to varying extents. See Bangor Gas Company, LLC, Petition for Approval to Provide Gas Service in the Greater Bangor Area, Docket No. 97-975, Orders dated June 26 and 30, 1998. See also Central Maine Power Company, Petition for Approval to Furnish Gas Service In and To Areas Not Currently Receiving Natural Gas, Docket No. 96-786, Order (Aug. 17, 1998).

Consequently, the time is right to explore the public necessity for oversight of gas marketers proposing to sell gas to consumers within the state. We seek comment from interested persons on the following questions:

1. What states have licensing or other requirements relating to gas marketers, and what is the nature of any such requirements and restrictions?
2. Should gas marketers be licensed or meet other requirements before selling gas to consumers within the State of Maine?
3. What kind and degree of oversight is necessary to protect Maine's gas consumers and does this vary by customer class?
4. What consumer protection issues arise from the operation of gas marketers within the State?

5. Should consumer protection legislation and rules be established similar to those implemented for the electric industry? Why or why not? and
6. What statutory changes, rulemakings or other proceedings are necessary to implement licensing or other requirements for gas marketers?

We request that comments be filed by **November 10, 1998**. After reviewing the comments, the Commission will determine how to proceed. This may include requesting further comment, initiating more formal proceedings, or pursuing legislation in the upcoming session.

This Notice will be issued to all parties and interested persons in Docket Nos. 96-786, 97-795, and 97-393.

Dated at Augusta, Maine this 20th day of October, 1998.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: WELCH
NUGENT
DIAMOND

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of adjudicatory proceedings are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 6(N) of the Commission's Rules of Practice and Procedure (65-407 C.M.R.11) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which consideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.